



Press Release

**Pearl Oriental has signed MOU
plans to acquire oil fields in Kazakhstan with total 3P reserves
of over 700 million barrels and
has received the second instalment of HK\$48,500,000 pursuant to
Settlement Agreement**

Pearl Oriental Innovation Limited (“Pearl Oriental”, Stock Code 0632.hk) announces that on 24 February 2011, it entered into a Memorandum of Understanding with an independent third party for the possible acquisition of oil fields in Kazakhstan (“Kazakhstan Oilfields”). Based on the evaluation prepared by an independent international oil consulting firm, the total 3P reserves (proved, probable and possible oil reserves) are over 700 million barrels.

Kazakhstan is the second largest oil producer within Central Asia. The Kazakhstan Oilfields are of around 250 square kilometers in aggregate in Mangistau Region of Western Kazakhstan, currently, there are four wells producing crude oil. A few international oil companies (including CNPC) are already under the mass exploitation in nearby area of the Kazakhstan Oilfields. At the moment, management team of Pearl Oriental and other independent professionals are conducting the oil field site visit and due diligence in Kazakhstan. We strongly believe that the Kazakhstan Oilfields have an excellent development potential and expect to enter into the Sale and Purchase Agreement with the Vendor soon.

The Board of Directors of Pearl Oriental considers that, the total 3P reserves (in terms of BOE (barrel of oil equivalent)) of the Utah Gas and Oilfield that in which Group holds 70% ownership interest are approximately 75 million barrels, after the successful acquisition of the Kazakhstan Oilfields, the oil reserves of the Group will soon be increased tremendously. Given the recent surging global oil prices, the expansion in core business of oil is in the interests of Pearl Oriental and its shareholders as a whole.

In addition, pursuant to the Settlement Agreement entered into in July 2010 regarding the disposal of the equity interest of China Coal Energy Holdings Limited (the “Disposal”), the Company received the second instalment of consideration for the Disposal of HK\$48,500,000 today on schedule. This proceed will further improve the cash reserve and the financial results of the Group.

By Order of the Board
Pearl Oriental Innovation Limited
24 February 2011